

Neighborhood Housing Trust



City of Boston – Thomas M. Menino – Mayor



A Message from the Mayor

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A MESSAGE FROM THE MAYOR



Dear Friends,

I am very proud of the work done by the Neighborhood Housing Trust and invite you to get acquainted with the trust's efforts through this web site.

The linkage program introduced an important tool in the production of affordable housing. As you will see, the Neighborhood Housing Trust has taken that resource and helped create quality, attractive, affordable housing across the length and breadth of our city.

I am committed to the advancement of this work in the years to come. In concert with the Neighborhood Housing Trust and our partners in banking, community development, and government, Boston will continue to set the national standard for the production and preservation of affordable housing.

I congratulate the Neighborhood Housing Trust on its accomplishments and extend my full support in future efforts.

Sincerely,

A handwritten signature in black ink, reading "Thomas M. Menino". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas M. Menino
Mayor, City of Boston

INTRODUCTION

Over the past two decades the Neighborhood Housing Trust's (NHT) administration of the linkage program has become an integral component of large-scale development in Boston, and its impact has been dramatic. Since its inception, the Neighborhood Housing Trust has committed \$80,708,485 in linkage funds. These funds have helped create or preserve 6,116 affordable housing units in 114 development projects throughout the City of Boston. The projects range in scope from the conversion of the Longfellow School to elderly housing in Roslindale, to the preservation of the Mishawum Park Apartments in Charlestown, to the new construction of the multi-unit Davenport Commons in Roxbury.

This web site has been developed to share with you the work performed by the NHT in administering linkage funds, and the powerful effect that it has had on our city's neighborhoods.


A BRIEF HISTORY OF LINKAGE

The City of Boston's linkage program began in 1983 with the approval of Article 26 of the Boston Zoning Code, which sought to balance large-scale commercial development with needed residential construction. Three years later, Article 26 was expanded to shorten the payment period for linkage dollars in the area defined as "downtown" as well as to include job training as an element of the linkage program. In 1986 the

Neighborhood Housing Trust was created to manage housing linkage funds, while in 1987 the Neighborhood Jobs Trust (NJT) was created to manage jobs linkage funds. In response to a legal challenge, the City of Boston submitted a home rule petition to the Massachusetts Legislature that resulted in Chapter 371 of the Acts of 1987 — legislative authorization for Boston's linkage program. In 1996, by action of the Boston Zoning Commission, linkage was further incorporated into Article 80B of the Boston Zoning Code.

More recently Mayor Thomas M. Menino convened a panel of developers and advocates to study the linkage program. Their recommendations were formulated





into a home rule petition that Mayor Menino sent first to the City Council and then to the Massachusetts Legislature. The home rule petition was adopted in December 2001. As a result, the affordable housing linkage fee increased to \$7.18 per square foot, and the employment linkage fee increased to \$1.44 per square foot. In addition, the pay-in period for both neighborhood and downtown development was standardized at seven years for housing payments and two years for jobs payments. For more information, see Linkage Payment Requirements.

A recent survey of linkage programs across the United States indicated that Boston's program succeeded in raising more dollars and generating more housing than any similar municipal program

LINKAGE PAYMENT REQUIREMENTS

Linkage is a fee exacted from all new large-scale commercial real estate development exceeding 100,000 square feet and requiring zoning relief, including expansion and rehabilitation projects. The linkage requirement can be fulfilled with a cash payment or through direct creation of housing or a job-training program. All cash payments are received by either the NHT or the NJT for distribution. In the area defined as "neighborhood," housing payments are made over a seven-year period beginning with the earlier of either the issuance of an occupancy permit or two years from issuance of a building permit; in the area defined as "downtown," payments are made over a seven-year period, beginning upon issuance of the building permit. Jobs payments are made over a two-year period, the first due at issuance of the building permit, regardless of the location of the development. Development Impact Project (DIP) agreements serve as contracts by which the developer and the Boston Redevelopment Authority (www.ci.boston.ma.us/bra) confirm the payment of linkage fees.

The two options for meeting the housing-related linkage obligation are:

Housing Payment: A housing contribution grant of \$7.18 for every square foot of gross floor space of DIP uses in excess of 100,000 square feet is required to be paid by the respective developer. The housing contribution grant must be made in seven equal annual installments. If the developer elects, the entire amount due may be present valued and paid in one year. Otherwise, for developers of neighborhood projects the first linkage payment is due upon either issuance of a certificate of occupancy or 24 months after the issuance of a building permits for the proposed project, whichever comes first. Developers of downtown projects must begin paying linkage when the

building permit is issued. The remaining installments are due and payable annually on the anniversary of the first payment.

Housing Creation: As an alternative to direct payments, developers may fulfill their linkage obligation by opting to be directly involved in housing creation. This option requires developers to create or assist in the creation of housing units for low- and moderate-income residents of the city. The cost of this housing creation option must be equivalent to the housing payment the developer would have made. Housing creation proposals must conform to the BRA's written housing creation regulations. These regulations govern how a project comes to fruition by laying out a number of options developers may pursue, such as directly creating housing or channeling the net present value of the linkage obligation to an entity approved by the BRA to construct affordable housing. All housing creation proposals must be recommended by the NHT for BRA approval.

A developer may opt for any combination of the above payments or creations in order to meet its linkage obligation. The choice a developer makes is detailed in the DIP agreement made with the BRA. The DIP agreement lists the total housing obligation of the developer along with a payment schedule or housing agreement, whichever applies. The NHT is responsible for receiving the linkage payments after a DIP agreement is executed, as well as approving the distribution of these funds.

FUNDING AFFORDABLE HOUSING PROJECTS

If a developer chooses the housing payment option, the funds are paid into the Neighborhood Housing Trust. The NHT awards funds to projects that expand affordable housing and meet the eligibility and competitive criteria listed below.

Eligible Entities: Private, public, non-profit and for-profit development entities or private individuals are eligible applicants for NHT funding. The applicant must be current in taxes with no record of arson or fair housing violations.

Eligible Projects: Projects may be homeownership, rental, cooperative or other forms of permanent or transitional housing. They may be new construction, rehabilitation



of abandoned or occupied rental property, or conversion of non-residential property. To be eligible for consideration, projects must meet the following requirements:

- ❑ The project must meet a “but for” test – that is, without (but for) linkage funding, the project would not be feasible;
- ❑ Trust funds will assist only “affordable units.” In this case “affordable units” is defined as low- and moderate-income units serving households below 80% of median income for the Boston area;
- ❑ Homeowner units must be affordable for a minimum of 50 years (30 years, with a 20-year renewal option); rental units must be affordable in perpetuity;
- ❑ The developer must have site control, and the proposed project must be financially feasible and meet the requirements of the state sanitary and building codes;
- ❑ The units shall be managed in compliance with the Boston Jobs Ordinance, the City of Boston Fair Housing Commission guidelines, and other applicable fair housing and equal opportunity requirements.



Competitive Criteria: In evaluating applications for funding, the NHT reviews the following project elements:

- ❑ Number and percentage of affordable units, including the number available to low-income households (below 50% of median income) and special needs populations;
- ❑ Amount of NHT funds requested per affordable unit;
- ❑ Developer’s capacity and track record;
- ❑ Readiness to proceed;
- ❑ Additional affordability beyond the minimum requirement;
- ❑ The extent to which the project will provide employment, financial, or managerial participation by minority- or women-owned business enterprises;
- ❑ The extent to which the neighborhood has not previously received linkage funds.

Requests for proposals (RFPs) issued from time to time may set out additional thresholds or targets.

NHT FUNDED TO DATE

| Project Name | Neighborhood | Date of Trust Vote | Amount | Total Units | Affordable Units |
|------------------------------------|------------------|-----------------------|-------------|----------------|---------------------|
| 1 Fountain Hill Square | Roxbury | 12-18-86 | \$169,000 | 46 | 18 |
| | | 2-14-89 | \$281,000 | | |
| 2 Leighton Park (Tent City) | South End | 1-16-87 | \$765,465 | 271 | 203 |
| 3 O'Reilly School | South Boston | 6-18-87 | \$305,000 | 32 | 32 |
| 4 Waterford Place | South End | 7-16-87 | \$1,221,736 | 40 | 26 |
| 5 Bricklayer's Back of the Hill | Mission Hill | 7-16-87 | \$900,000 | 165 | 105 |
| | | 2-14-88 | \$275,000 | | |
| | | 4-3-90 | \$500,000 | | |
| 6 Charlestown Townhouses | Charlestown | 7-16-87 | \$116,000 | 26 | 10 |
| | | 1-12-88 | \$79,000 | | |
| | | 7-27-89 | \$225,986 | | |
| 7 Dacia Residence | Roxbury | 8-8-88 | \$949,000 | 29 | 29 |
| 8 Granite Properties - BHP II | Roxbury | 7-16-87 | \$3,337,951 | 938 | 938 |
| 9 Casa Esperanza | Roxbury | 7-17-87 | \$84,000 | 25 | 25 |
| 10 483-487 Blue Hill Avenue | Roxbury | 1-12-88 | \$200,000 | 12 | 12 |
| 11 Navy Yard Rowhouses | Charlestown | 1-12-88 | \$210,000 | 50 | 50 |
| | | 2-14-88 | \$286,000 | | |
| | | 2-14-89 | \$390,000 | | |
| 12 Brooks School | Roxbury | 9-28-89 | \$1,246,000 | 57 | 43 |
| 13 Dorchester Terrace | Mattapan | 1-12-88 | \$88,000 | 11 | 11 |
| 14 Infill I | Roxbury & | 1-12-88 | \$370,840 | 48 | 40 |
| | Dorchester | 2-14-88 | \$525,434 | | |
| 15 Langham Court | South End | 9-28-89 | \$2,308,000 | 88 | 56 |
| 16 Lithgow | Dorchester | 9-28-89 | \$1,100,000 | 31 | 16 |
| 17 Monsignor Lyons | South Boston | 1-12-88 | \$220,000 | 10 | 8 |
| | | 9-14-89 | \$85,000 | | |
| 18 Parmelee Court | Roxbury | 9-28-89 | \$1,057,000 | 77 | 51 |
| 19 TDC 3 | South End | 1-12-88 | \$40,000 | 94 | 62 |
| | | 1-12-88 | \$1,100,000 | | |
| | | 1-24-91 | \$350,000 | | |
| 20 Roxbury Corners | Roxbury | 2-14-88 | \$1,175,000 | 54 | 41 |
| 21 Lower Roxbury Tenants Corp. | Roxbury | 8-9-88 | \$350,000 | 70 | 51 |
| 22 Lorne St./Browne Kaplan | Mattapan | 8-9-88 | \$975,000 | 60 | 39 |
| 23 Taino Tower | South End | 9-28-89 | \$650,000 | 27 | 18 |
| 24 Audubon/Baker/Logue | Mattapan | 2-14-89 | \$275,000 | 37 | 37 |
| 25 Bridge Over Troubled Waters | Allston-Brighton | 2-14-89 | \$144,820 | 6 | 6 |
| 26 Garrison Trotter | Roxbury | 2-14-89 | \$375,000 | 15 | 15 |
| 27 Operation Food | Mattapan | 7-13-89 | \$150,000 | 10 | 10 |
| 28 1734 Lodging House | South End | 9-28-89 | \$270,000 | 33 | 31 |
| 29 Low Cost Housing, Inc. | South End | 9-28-89 | \$350,000 | 73 | 73 |
| 30 Bowditch School | Jamaica Plain | 9-28-89 | \$685,000 | 45 | 45 |
| 31 Bowdoin Street | Beacon Hill | 9-28-89 | \$850,805 | 122 | 87 |
| 32 Urban Edge Capital Improvements | Roxbury, JP | 9-28-89 | \$750,000 | 211 | 201 |
| 33 438 Warren Street | Roxbury | 9-28-89 | \$255,000 | 21 | 20 |
| 34 Cortes Street SRO | South Cove | 4-3-90 | \$615,000 | 48 | 44 |
| 35 Hazel Parks Estates | Mattapan | 4-3-90 | \$1,472,800 | 48 | 48 |
| 36 57 Hemenway Street | Fenway | 12-20-90 | \$126,000 | 14 | 14 |
| 37 Hyde Square Coop | Jamaica Plain | 12-20-90 | \$603,000 | 42 | 42 |
| 38 Stony Brook Gardens | Jamaica Plain | 12-20-90 | \$998,000 | 50 | 50 |
| 39 Douglass Park | Roxbury | 1-24-91 | \$75,000 | 155 | 33 |
| 40 Winslow Court | Roxbury | 1-24-91 | \$144,000 | 24 | 24 |
| 41 Alexander Magnolia Coop. | Dorchester | 5-24-91 | \$1,095,183 | 44 | 44 |

NHT FUNDED TO DATE

| Project Name | Neighborhood | Date of Trust Vote | Amount | Total Units | Affordable Units |
|-------------------------------------|------------------|--------------------|----------------|-------------|------------------|
| 42 Re-Vision House | Roxbury | 5-24-91 | \$50,000 | 10 | 10 |
| 43 26-28 Thane Street | Roxbury | 5-24-91 | \$86,000 | 7 | 7 |
| 44 Father Walter Martin Cooperative | South Boston | 5-27-91 | \$1,153,667 | 34 | 34 |
| 45 CNY Building 104 | Charlestown | 6-4-91 | \$428,358 | 46 | 46 |
| | | 3-5-93 | \$106,642 | | |
| 46 28 West Cottage | Roxbury | 10-10-91 | \$60,000 | 4 | 4 |
| 47 45 Thorndike Street | Roxbury | 10-10-91 | \$45,000 | 3 | 3 |
| 48 Oak Street Village | Chinatown | 10-10-91 | \$150,000 | 88 | 60 |
| | | 11-16-92 | \$1,175,000 | | |
| 49 Trinity House | East Boston | 10-10-91 | \$418,170 | 16 | 15 |
| 50 Parkview SRO | Fenway | 10-10-91 | \$515,000 | 63 | 63 |
| 51 Lowell Square | West End | 12-23-91 | \$340,000 | 199 | 66 |
| 52 253 Main Street | Charlestown | 11-16-92 | \$100,000 | 7 | 4 |
| 53 Vinfen | Mattapan | 11-16-92 | \$14,900 | 10 | 10 |
| 54 Winston-Lucerne | Dorchester | 11-16-92 | \$1,200,000 | 45 | 45 |
| 55 Youthbuild | Roxbury | 3-5-93 | \$75,000 | 13 | 13 |
| | | 9-21-93 | \$100,000 | | |
| 56 Habitat III | Dorchester | 3-5-93 | \$50,000 | 8 | 8 |
| 57 Boston Housing Authority | Roxbury | 6-22-94 | \$98,333 | 3 | 3 |
| 58 Stafford Heights Cooperative | Roxbury | 2-23-94 | \$1,227,538 | 42 | 42 |
| 59 Pine Street Inn Women's Shelter | South End | 9-23-95 | \$500,000 | 110 | 110 |
| 60 11-17 East Concord Street | South End | 9-23-95 | \$407,000 | 41 | 41 |
| 61 Longfellow School | Roslindale | 10-9-97 | \$225,522 | 45 | 44 |
| | | 10-9-97 | \$99,478 | | |
| 62 Mishawum Park Apartments | Charlestown | 10-14-97 | \$500,000 | 337 | 337 |
| 63 Walnut Community Housing | Roxbury | 10-14-97 | \$350,000 | 37 | 34 |
| 64 South End Tenants Housing II | South End | 10-14-97 | \$500,000 | 184 | 184 |
| 65 McBride House | Fenway | 11-16-97 | \$500,000 | 17 | 17 |
| 66 Academy Homes I | Roxbury | 11-16-97 | \$500,000 | 202 | 150 |
| 67 Bowdoin Geneva Home Again | Dorchester | 7-23-98 | \$400,000 | 7 | 7 |
| 68 Goodale Road Home Again | Mattapan | 9-10-98 | \$413,000 | 10 | 8 |
| 69 15-25 Hemenway Street | Fenway | 9-10-98 | \$100,000 | 24 | 13 |
| 70 Howard Woodward Dean Home Again | Roxbury | 10-8-98 | \$780,000.00 | 12 | 12 |
| 71 Mission Hill Home Again | Mission Hill | 7-1-99 | \$1,220,267.00 | 22 | 22 |
| 72 Davenport Commons | Lower Roxbury | 7-1-99 | \$97,669.30 | 60 | 37 |
| | | 7-1-99 | \$98,330.70 | | |
| 73 Wellington Hill Home Again | Mattapan | 9-23-99 | \$1,046,600.00 | 24 | 14 |
| 74 Savin Maywood Home Again | Roxbury | 9-23-99 | \$360,197.00 | 5 | 5 |
| 75 Franklin Field South Home Again | Dorchester | 5-25-00 | \$1,549,106.00 | 22 | 22 |
| 76 St. Botolph-Susan Bailis ALF | Fenway | 7-13-00 | \$3,142,700.00 | 82 | 54 |
| 77 St. Francis House Shelter | Central | 10-12-00 | \$720,000.00 | 139 | 139 |
| 78 Rollins Square | South End | 1-30-01 | \$2,569,252 | 184 | 62 |
| 79 Audubon Apts./"Harvard Hills" | Mattapan | 5-9-01 | \$300,000 | 37 | 37 |
| 80 131 Morton Street | Jamaica Plain | 5-9-01 | \$597,500 | 62 | 61 |
| 81 30 Washington St. | Allston-Brighton | 5-9-01 | \$750,000 | 42 | 42 |
| 82 Talbot Bernard | Dorchester | 5-9-01 | \$750,000 | 31 | 31 |
| 83 Boston Hosp. | Dorchester | 5-9-01 | \$750,000 | 116 | 92 |
| 84 Harvard Commons | Mattapan | 5-9-01 | \$750,000 | 30 | 9 |
| 85 Geneva Ave. | Dorchester | 5-9-01 | \$500,000 | 11 | 10 |
| 86 Homes Ave | Dorchester | 5-9-01 | \$375,000 | 15 | 8 |
| 87 Family House Shelter | Roxbury | 5-9-01 | \$750,000 | 24 | 24 |
| 88 Parcel C | Chinatown | 7-12-01 | \$820,629 | 251 | 81 |

NHT FUNDED TO DATE

| Project Name | Neighborhood | Date of Trust Vote | Amount | Total Units | Affordable Units |
|--|---------------|-----------------------|---------------|----------------|---------------------|
| | | 6-20-01 | \$990,530 | | |
| 91 Mission Hill Phase II | Mission Hill | 3-28-02 | \$574,000 | 34 | 34 |
| 92 St. John of God | Brighton | 3-28-02 | \$625,000 | 102 | 69 |
| 93 Trinity Terrace | Dorchester | 3-28-02 | \$600,000 | 63 | 63 |
| 94 Dartmouth Hotel | Roxbury | 3-28-02 | \$500,000 | 65 | 58 |
| 95 Brookview House II | Dorchester | 3-28-02 | \$180,000 | 12 | 12 |
| 96 33 Everett Street/Legal Seafoods | Brighton | 3-28-02 | \$500,000 | 50 | 50 |
| 97 Costello Homes | South Boston | 3-28-02 | \$492,375 | 15 | 8 |
| 98 Nazing Ct., Seaver St. | Roxbury | 6-20-02 | \$1,000,000 | 151 | 144 |
| 99 Mission Hill Phase III | Mission Hill | 6-20-02 | \$359,332 | 34 | 34 |
| 100 Egleston Crossing | Rox & JP | 2-12-03 | \$750,000 | 64 | 63 |
| 101 Trinity Mattapan Heights II-A | Mattapan | 2-12-03 | \$750,000 | 94 | 71 |
| 102 Brookside Artists Live Work Space | Jamaica Plain | 2-12-03 | \$474,355 | 23 | 18 |
| 103 Columbia West Apartments | Roxbury | 2-12-03 | \$250,000 | 46 | 46 |
| 104 Roslindale Field | Roslindale | 2-12-03 | \$750,000 | 27 | 15 |
| 105 Crittenton Hastings House | Brighton | 2-12-03 | \$750,000 | 28 | 28 |
| 106 Misahwum Apts | Charlestown | 4-16-03 | \$ 795,322.97 | 66 | 33 |
| 107 Maverick Gardens Hope VI (Phases I & II) | East Boston | 5-28-03 | \$3,900,000 | 230 | 177 |
| 108 West Broadway | South Boston | 9-9-03 | \$1,750,000 | 133 | 133 |
| 109 Amory Apts | Jamaica Plain | 1-7-04 | \$1,259,691 | 64 | 64 |
| 110 Clarendon Street YWCA | Back Bay | 1-22-04 | \$500,000 | 184 | 79 |
| 111 25 School Street | JP/Roxbury | 1-22-04 | \$750,000 | 46 | 46 |
| 112 Border Falcon | East Boston | 1-22-04 | \$700,000 | 14 | 14 |
| 113 Nu Life Development | Roxbury | 1-22-04 | \$300,000 | 16 | 6 |
| 114 242-244 West Broadway | South Boston | 1-22-04 | \$222,000 | 3 | 3 |

| | | | | | |
|--------------|--|--|----------------------|--------------|--------------|
| Total | | | \$ 80,708,485 | 7,604 | 6,116 |
|--------------|--|--|----------------------|--------------|--------------|

Selected NHT Developments



Brookview



Costello



Davenport



Foley



Longfellow



Metropolitan



Mishawum Asst



Mishawum Park



Mission Hill I



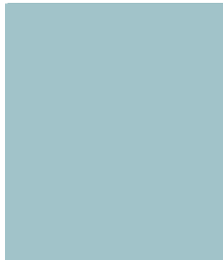
Mission Hill II



Rollins



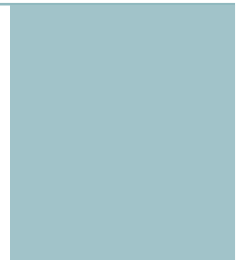
Susan Bailis



Talbot Bernard



Walnut



Brookview House II

The Brookview House II project involves the new construction of four family transitional units and youth development space for an after school program, a computer center, and an art center. In addition, the project involves the moderate rehabilitation of eight existing family transitional units, and program space for workshops, job training and counseling areas. When completed, Brookview House will have capacity to serve twelve homeless families referred by the Department of Transitional Assistance, as well as provide educational and after school program for up to 60 children.



| | |
|------------------------|---|
| Location: | 2 Brookview St, Dorchester |
| Developer | Brookview House, Inc. |
| Total Development Cost | \$1,636,711 |
| Linkage Award Amount: | \$180,000 |
| Other Funding: | DND CDBG, DHCD HIF, CEDAC MOST Grant, FHLB, Wainwright Bank, Developer Equity |
| Units: | 12, 4 newly constructed, 8 rehabilitated |
| Affordable Units: | 12 |

Costello Homes

Costello Homes is a prominently situated project on the corner of West Second and F Sts. in South Boston. The design of the building is traditional to the neighborhood and meant to reflect the architecture of its surroundings. It consists of 15 newly constructed 2 bedroom condo units, 8 of which will be affordable to households at 80% of the average median income, and 7 of which will be market rate. The project is being constructed on land purchased by the South Boston Neighborhood Development Corporation. The construction will be completed in late spring/early summer of 2004.



| | |
|-------------------------|--|
| Location: | West Second and F Street, South Boston |
| Developer: | South Boston NDC and Keen Development |
| Total Development Cost: | \$4,730,755 |
| Linkage Award Amount: | \$492,375 |
| Other Funding: | DND Leading the Way, Developer Equity |
| Units: | 15 |
| Affordable Units: | 8 |

Davenport Commons

The Davenport Commons complex involved the new construction of 125 student units for approximately 595 Northeastern University students, 60 homeownership units, and approximately 4,000 square feet of retail space on 4 BRA-owned parcels in Lower Roxbury. This project is part of a physical redevelopment program, which focused on replacing many of the units that had been eliminated as a result of the City's Urban Renewal efforts and the Commonwealth's proposed expansion of Interstate 95.



The homeowner component of Davenport commons consists of 7 one-bedroom units, 44 two-bedroom units, and 9 three-bedroom units. This is a direct result of an extensive community process with the South End/Lower Roxbury community, and their desire for additional homeownership rather than rental opportunities.

| | |
|-------------------------|--|
| Location: | Columbus Ave, Benton and Davenport Sts, Roxbury |
| Developer: | Madison Park CDC & Trinity Financial |
| Total Development Cost: | \$13,735,000 (homeownership component) |
| Linkage Award Amount: | \$196,000 |
| Other Funding: | DND HOME, DND CDBG, BRA Grant, DHCD HOME, Mass Housing, FHLB |
| Units: | 60 |
| Affordable Units: | 48 |

The Foley

The Foley project involved the rehabilitation of 116 units of new housing. Ninety-eight (98) units were for elderly assisted and independent living rental housing, while eighteen (18) units of single room occupancy housing were for Latina women in recovery, and their children. The project was developed on the former campus of the Boston Specialty and Rehabilitation Hospital on River Street in Mattapan. The main building, an imposing landmark in the area, and an adjacent building comprised this first phase of development.



| | |
|-------------------------|--|
| Location: | 249 River Street, Mattapan |
| Developer: | Trinity Financial |
| Total Development Cost: | \$19,664,662 |
| Linkage Award Amount: | \$750,000 |
| Other Funding: | DND HOME, DND Leading the Way, DHCD HIF, Boston Health Comm, FHLB, Aegon |
| Units: | 116 |
| Affordable Units: | 92 |

Longfellow House

Longfellow House involved the conversion of a former elementary school into forty-five units of housing, forty-four of which were available to low-income elders. Rehabilitation to the historic structure included masonry and roof repairs, new windows and doors, landscaping and site work, and replacement of all building systems. Rogerson Communities, the project sponsor, owns, manages, and provides supportive services to the residents of Longfellow House, and has the support of the Longfellow Area Neighborhood Association.



| | |
|-------------------------|-----------------------------------|
| Location: | 885 South Street, Roslindale |
| Developer: | Rogerson Communities |
| Total Development Cost: | \$5,642,900 |
| Linkage Award Amount: | \$325,000 |
| Other Funding: | DND CDBG, DHCD HSF, FHLB, HUD 202 |
| Units: | 45 |
| Affordable Units: | 44 |

The Metropolitan

This project is a multi-use development including new construction of rental and ownership housing in a 23-story structure, including underground parking, community space, commercial and retail space, as well as a public garden on an underdeveloped parcel bounded by Harrison Avenue, Oak, Ash and Nassau Streets ("Parcel C") in Boston's Chinatown neighborhood.

The development includes 251 residential units, of which 133 are rental and 118 are ownership units. A total of 115 units will be affordable to low and moderate income households, including 81 rental and 34 homeownership units. The 81 affordable rental units will be for households earning no more than 60% of the median income. Eleven of those units will be further restricted to households earning no more than 30% of median income, targeting homeless individuals. The 34 affordable homeownership units will be reserved and priced for households earning no more than 80% (9 units), 100% (16 units), and 120% (9 units) of median income.



The components of this project: rental, elderly community gathering room, community non-profit space, was all negotiated through a protracted community process.

The Metropolitan (continued)

| | |
|-------------------------|---|
| Location: | Oak, Ash, Nassau Sts, and Harrison Avenue, Chinatown |
| Developer: | Asian Community Development Corp & E. A. Fish Associates |
| Total Development Cost: | \$89,366,694 |
| Linkage Award Amount: | \$1,881,159 |
| Other Funding: | DND HOME, DND NDF, DHCD HOME, BRA, Mass Housing, Affordable Housing Trust, Developer Equity |
| Units: | 251 |
| Affordable Units: | 115 |

Mishawum Assisted Living

The Mishawum Assisted Living Facility is designed for seniors who require some level of assistance, but desire to maintain their independence. Supportive services that will enable this goal include: three meals per day in a dining room, housekeeping and laundry service, assistance with personal care, medication management, 24-hour emergency response, wellness programs, social activities, and transportation. Half of the total 66 units will be affordable, with 7 of the 33 affordable units set-aside for formerly homeless elders. The project has enjoyed broad based support from Charlestown's community groups and state officials due to its high levels of affordability and the need for this type of housing in Charlestown. The revitalization of this vacant parcel as a mixed-income assisted living facility represents the City of Boston's continued commitment to provide facilities that foster an environment where elder's aging-in-place, means aging-in-Boston. Construction is underway and is expected to complete in the summer of 2005.



| | |
|-------------------------|--|
| Location: | Phipps Street, Charlestown |
| Developer: | E. A. Fish and Life Focus Center, Inc. |
| Total Development Cost: | \$12,000,870 |
| Linkage Award Amount: | \$795,323 |
| Other Funding: | DND HOME, DHDC HOME, DHCD Affordable Housing Trust, MHFA |
| Units: | 66 |
| Affordable Units: | 33 |

Mishawum Park Apartments

Mishawum Park Apartments is a 337 unit, 20 building expiring use development constructed in 1993. In 1993, tenants of Mishawum Park organized to address long-standing deferred maintenance by the owner. In 1997 the Mishawum Park Tenants Association, Inc. acquired the property from the original owner and became one of the only tenant organizations of any expiring use project in the country to do so without the benefit of a non-profit sponsor.



| | |
|-------------------------|--|
| Location: | 95 Dunstable St, Charlestown |
| Developer: | Mishawum Park Tenants Association, Inc. |
| Total Development Cost: | \$31,306,128 |
| Linkage Award Amount: | \$500,000 |
| Other Funding: | Debt Assumption, HUD Preservation Grant, HUD ITAG Grant, DND HOME, DHCD HOME, DHCD HIF, FHLB, Construction Escrow, Safe Neighborhoods, Boston Gas Rebate |
| Units: | 337 |
| Affordable Units: | 337 |

Mission Hill New Housing Initiative, Phase 1

This project was the first of three planned phases of development on city-owned vacant land in the Mission Hill neighborhood. Phase 1, which was completed in 2001, consists of 22 newly built units, all of which were affordable. The project combines homeownership and rental units in both single and two family homes. These formerly vacant parcels had long been a burden on the Back of the Hill section of Mission Hill. The project continues to have strategic importance in the area, acting as a catalyst for continued community planning and development on the Back of the Hill, complementing other housing development activities in the Jamaica Plain and Mission Hill neighborhoods.



| | |
|-------------------------|--|
| Location: | Wensley and Bickford Sts, Fisher Ave, Mission Hill |
| Developer: | JPND/Back of the Hill CDC |
| Total Development Cost: | \$4,203,089 |
| Linkage Award Amount: | \$1,220,267 |
| Other Funding: | DND HOME, DND CDBG, BankBoston |
| Units: | 22 |
| Affordable Units: | 22 |

Mission Hill New Housing Initiative, Phase II

Mission Hill Phase II is a project consisting of 34 units of newly constructed cooperative housing on vacant parcels of private and publicly-owned land on the back of Mission Hill. These previously vacant parcels were long a burden on the Back of the Hill section of Mission Hill. This project is a critical part of a larger grassroots, community-led planning and development effort, which targeted all city and privately owned vacant parcels.



Mission Hill Phases I, II, and III will produce an impressive 80 units of newly constructed affordable housing.

| | |
|-------------------------|--|
| Location: | Heath St, Mission Hill |
| Developer: | BOTH/NDC Community Initiative LLC |
| Total Development Cost: | \$7,747,061 |
| Linkage Award Amount: | \$574,000 |
| Other Funding: | DND HOME, DHCD HOME, DHCD HIF, DHCD Tax Credits, LISC, Brownfields |
| Units: | 34 |
| Affordable Units: | 34 |

Rollins Square

Rollins Square is a newly constructed 184 unit building in Boston's South End. Included in the unit array are 37 rental units affordable to households with income at or below 60% of median. In addition the project created 147 units of homeownership condos, of which 25 were affordable for households at or below 80% and 58 were affordable to households in the 81-120% range. The remaining 64 units have been sold at market rate. In addition to the housing units, Rollins Square consists of 5,087 net square feet of commercial space along Washington Street, and 275 underground parking spaces.



This BRA-owned parcel was designated to the Archdiocese's Planning Office of Urban Affairs. It had been vacant for more than 30 years. This development has re-knit Washington Street as well as brought much needed housing opportunities to various income levels in the South End.

| | |
|-------------------------|--|
| Location: | 1300 Washington Street, South End |
| Developer: | Planning Office of Urban Affairs |
| Total Development Cost: | \$63,151,252 |
| Linkage Award Amount: | \$2,569,252 |
| Other Funding: | DND Leading the Way, DHCD HOME, DHCD State Tax |

Rollins Square (continued)

| | |
|-------------------|-----|
| Units: | 184 |
| Affordable Units: | 120 |

Credits, Brownfields, Fleet Boston, Mass Affordable Housing Trust

Susan S. Bailis Assisted Living Facility

The Susan S. Bailis Assisted Living Community is a newly constructed development of 82 units of elderly assisted living housing built on vacant Boston Redevelopment Authority land. Of the 82 units, 54 are affordable. This high number of affordable assisted living units marked a significant increase to the number of similarly priced units of this type in Boston.



Situated at the corner of Massachusetts Avenue and St. Botolph Street, this magnificent red brick building is virtually in the shadow of Symphony Hall, the Huntington Theatre, and the Massachusetts Horticultural Society.

| | |
|-------------------------|--|
| Location: | St. Botolph St. and Massachusetts Avenue |
| Developer: | Fenway CDC, Affirmative Investments, and SBV Consulting |
| Total Development Cost: | \$18,337,603 |
| Linkage Award Amount: | \$3,142,700 |
| Other Funding: | DND HOME, DND Leading the Way, DHCD HIF, DHCD HOME, DHCD Affordable Housing Trust, MHIC Tax Credits, Mass Housing, Developer Equity, Foundation and Utility Grants, Fleet Bank |
| Units: | 82 |
| Affordable Units: | 54 |

Talbot Bernard Elderly Housing

Talbot Bernard Elderly Housing is a 31 unit, newly constructed project developed on a predominately vacant site. The project provides 30 affordable, very low-income units for elderly residents, plus 1 unit for an on-site manager. In conjunction with the Talbot Bernard Homes, a newly constructed 44 unit low-income rental development, the project has transformed a formerly industrial and commercial site into a campus-style, low-density, multi-use housing development. The overall development site plan is well conceived with extensive open space, a well designed internal walkway system, numerous sitting areas and landscape amenities, and ample parking.



| | |
|------------|-------------------------------|
| Location: | 193 Talbot Avenue, Dorchester |
| Developer: | Codman Square NDC |

| | |
|-------------------------|--|
| Total Development Cost: | \$5,697,897 |
| Linkage Award Amount: | \$750,000 |
| Other Funding: | DND HOME, HUD 202, DHCD HOME, DHCD HIF |
| Units: | 31 |
| Affordable Units: | 31 |

Walnut Community Housing

Walnut Community Housing provided 37 units of affordable “enhanced” congregate housing for very low to moderate income elders. The property, a former nursing home, was completely renovated. Supportive services for this innovative congregate living alternative are being provided by Greater Boston Family Services.

| | |
|-------------------------|---------------------------------------|
| Location: | 237-241 Walnut Avenue, Roxbury |
| Developer: | 1810 Realty, Inc. |
| Total Development Cost: | \$2,365,000 |
| Linkage Award Amount: | \$350,000 |
| Other Funding: | DND CDBG, DHCD HOME, FHLB, BankBoston |
| Units: | 37 |
| Affordable Units: | 34 |



GOVERNANCE

The Neighborhood Housing Trust was established to receive linkage fees as well as to decide how the funds are distributed. As stated in its “Declaration of Trust”: “This Trust is established to promote the public health, safety, convenience and welfare by mitigating the extent to which Boston’s low or moderate income households are unable to afford decent, safe and sanitary housing within the City of Boston.”

The NHT consists of seven trustees: the president of the City Council (ex officio) or his or her designee, the City of Boston’s collector-treasurer (ex officio), and five mayoral appointees. The collector-treasurer serves as managing trustee and is responsible for maintaining the financial records and administering the trust.

Clayton Turnbull, Chair

Clayton Turnbull, the CEO and owner of The Waldwin Group, has lived in Boston for over thirty-five years, and continues to be involved in shaping its future. He is involved in and serves on many business and non-profit boards including Citizens Bank of Massachusetts, Vice President of the Democratic National Convention Host Committee and Black and White Boston.



Mr. Turnbull’s proudest accomplishment is the 14 years served on the Board of the Dudley Street Neighborhood Initiative. A unique organization that continues to influence the way communities are redeveloped physically and humanely.

Vivian M. Leo, Managing Trustee

Vivian M. Leo has served for the past twenty-nine years in the City’s Treasury department, the past nine years as First Assistant Collector-Treasurer. She is responsible for managing the City’s Treasury Department; the collection of revenues due to both the City and Suffolk County, and payment of all amounts due from the City. Ms. Leo is also responsible for the managing over 300 City trust funds. She is a member of both the Neighborhood Housing Trust and the Neighborhood Jobs Trust.



Councilor Paul J. Scapicchio, City Council Designee

Paul J. Scapicchio was born and raised in the North End, and his lifelong participation in local charitable and civic organizations led him to seek a life of public service.



As a Boston City Councilor, Mr. Scapicchio has continually focused on providing programs for the elderly and youth of the city. As Chairman of the City Council’s committee on Aviation and Transportation, he has brought people together from across the city to investigate and examine various issues such as Logan Airport Expansion, the Central Artery/Tunnel, and the building of the new Convention Center. He is the

Council's Vice President and Vice Chair of the City Council's committee of the Whole and on Rules and Administration. Councilor Scapicchio is also currently one of three trustees on the Boston Neighborhoods Job Trust.

Catherine Hardaway, Trustee

Catherine Hardaway is currently the Executive Director of Central Boston Elder Services, Inc. (CBES), a private non-profit Home Care Corporation that serves the needs of frail, low-income, home-bound elders and disabled individuals in the City of Boston. Founded 30 years ago, CBES has an operating budget of \$17.5 million.



Prior to joining the staff of CBES, Ms. Hardaway worked with Family Service of Greater Boston where she was the Developer and Director of the Teen Living Program

Ms. Hardaway has a strong background in governmental affairs and relationships through her long-term employment at the Executive Office of Elder Affairs, the Department of Public Welfare, and the Division of Medical Assistance.

Reverend Craig W. McMullen, D.Min., Trustee

Dr. McMullen is the founding director of Gordon College's Boston Urban Semester Program, a residential program located in Dorchester for students studying about complex urban issues while serving in various internships throughout Boston. Its mission is "to develop the next generation of urban leaders."



Beginning in 1981, Dr. McMullen served for twelve years on the Ministerial Staff of the Historic Twelfth Baptist Church in Roxbury and was the Co-Pastor of the Dorchester Temple Baptist Church in Codman Square from 1993-2000. It was in these positions that "Pastor Craig" became known as a "minister of reconciliation".

A dynamic preacher and educator, Dr. McMullen continues to be sought out among Boston's church community as an expert on matters concerning its youth and racial reconciliation.

Mary Soo Hoo, Trustee

For over 35 years, Mary Soo Hoo has been a tireless advocate for Boston's Chinatown community. Ms. Soo Hoo has been responsible for a number of groundbreaking initiatives, including the creation of the Asian American Civic Association (AACA). Established in 1967, AACA has grown to become the major cultural and social advocacy agency in Chinatown. In addition, Ms. Soo Hoo chairs the Chinatown Safety Committee and is a board member of the Asian Community Development Corporation, which seeks to revitalize the Chinatown neighborhood by creating affordable housing and recreational space for its residents.



Ricardo Quiroga

Ricardo Quiroga is the founder and director of Casa Esperanza, Inc. In 1984 he developed a 25-bed, bilingual, bicultural home for Latino substance abusers. Through work with the community, local agencies and city officials, Rick spearheaded an effort to provide culturally appropriate treatment to Latinos in Massachusetts. Since incorporation, Rick has overseen the growth and development of the agency. Casa Esperanza has strived to provide comprehensive services while adapting to the changing needs of the Latino population in Massachusetts. Currently the agency operates four programs: The treatment program for men; Latinas Y Niños Center, a bilingual treatment program for 20 Latina women and 10 children; Nueva Vida, an eight unit supportive housing program for men; Dunmore Place, a six unit supportive housing facility for women with children.



Rick's work is centered on his vision of helping individuals and families overcome addiction and reintegrate themselves into society. To this end, he has worked hard to collaborate with local agencies, educate and inform communities and elected officials, and partner to develop innovative strategies to deal with substance abuse. As an example of this approach, Casa Esperanza has recently embarked on the development of affordable family housing and a family center, partnering with the Boston Housing Authority and the Housing and Urban Development, to help families and individuals maintain long-term sobriety.

Prior to working at Casa Esperanza, Rick was program director at La Alianza Hispana Inc., in Roxbury, Massachusetts, where he developed and supervised a treatment program for Latino alcoholics and their families. He was also a counselor at Hope House, Inc. where he supervised a program for individuals who completed detoxification.

Rick holds a Master's in Education from Cambridge College, and lectures and trains regularly on issues relating to culturally relevant treatment approaches for Latinos, Native Americans and their families. Rick has received many awards for his work with the community and his dedication to helping those inflicted with the disease of substance abuse.

Sheila A. Dillon, Secretary

Sheila Dillon is currently Deputy Director for Neighborhood Housing at the Department of Neighborhood Development. Ms Dillon manages the development and preservation of private affordable housing for the City of Boston, for which she was awarded a 2003 Henry L. Shattuck Public Service Award. Prior to her tenure with the City, Ms. Dillon was Director of Real Estate Development at the Massachusetts Housing Partnership Fund and Director of Housing Development at Dorchester Bay Economic Development Corporation.



**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Financial Statements
and
Independent Auditors' Reports

Year Ended June 30, 2003

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Financial Statements and Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Neighborhood Housing Trust Fund
City of Boston, Massachusetts

We have audited the accompanying statement of fiduciary net assets of the Neighborhood Housing Trust Fund (the Fund), a component unit of the City of Boston, as of June 30, 2003, and the related statement of changes in fiduciary net assets for the year then ended. These financial statements are the responsibility of the Trustees of the Fund and of the City of Boston, Massachusetts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Trust Fund as of June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2003, on our consideration of the Neighborhood Housing Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

P.L. Jones & Associates, P.C.

August 28, 2003

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Statement of Fiduciary Net Assets

June 30, 2003

Assets

Assets:

| | |
|--|---------------|
| Investment in City of Boston Pool Fund 7 | \$ 19,344,202 |
| Accounts receivable | 23,611 |
| Pending deposits | 491,466 |
| Accrued investment income | <u>17,162</u> |

| | |
|--------------|-----------------------------|
| Total Assets | <u><u>\$ 19,876,441</u></u> |
|--------------|-----------------------------|

Liabilities and Net Assets

Liabilities:

| | |
|---------------------------|----------------|
| Accounts payable | \$ 370,101 |
| Due to the City of Boston | 21,329 |
| Accrued expenses | 6,819 |
| Deferred revenue | <u>260,331</u> |

| | |
|-------------------|---------|
| Total Liabilities | 658,580 |
|-------------------|---------|

Contingencies

| | |
|------------|-------------------|
| Net Assets | <u>19,217,861</u> |
|------------|-------------------|

| | |
|----------------------------------|-----------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 19,876,441</u></u> |
|----------------------------------|-----------------------------|

The accompanying notes are an integral part of these financial statements.

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Statement of Changes in Fiduciary Net Assets

Year Ended June 30, 2003

Additions:

| | |
|------------------------------|--------------|
| Housing contributions grants | \$ 7,302,062 |
|------------------------------|--------------|

Net Investment Income:

| | |
|---|--------------|
| Investment income | \$ 215,076 |
| Realized loss on investments | (14) |
| Net appreciation in fair value of investments | <u>1,969</u> |

| | |
|-------------------------|---------|
| Total investment income | 217,031 |
|-------------------------|---------|

Less investment expense

| | |
|--|--------------|
| Investment advisory and custodial fees | <u>1,036</u> |
|--|--------------|

| | |
|-----------------------|----------------|
| Net investment income | <u>215,995</u> |
|-----------------------|----------------|

| | |
|-----------------|------------------|
| Total additions | <u>7,518,057</u> |
|-----------------|------------------|

Deductions:

| | |
|------------------------|---------------|
| Project expenses | 6,154,523 |
| General administration | <u>42,201</u> |

| | |
|------------------|------------------|
| Total deductions | <u>6,196,724</u> |
|------------------|------------------|

| | |
|----------------------|-----------|
| Change in Net Assets | 1,321,333 |
|----------------------|-----------|

| | |
|-------------------------------|------------|
| Net Assets, beginning of year | 19,640,983 |
|-------------------------------|------------|

| | |
|-------------------------|--------------------|
| Prior Period Adjustment | <u>(1,744,455)</u> |
|-------------------------|--------------------|

| | |
|-------------------------|----------------------|
| Net Assets, end of year | <u>\$ 19,217,861</u> |
|-------------------------|----------------------|

The accompanying notes are an integral part of these financial statements.

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Fund - The Neighborhood Housing Trust Fund (the Fund) was established on November 19, 1985, and is a component unit of the City of Boston. The Fund was authorized by a Boston City Council Ordinance to support the creation and preservation of affordable housing for low and moderate income residents of Boston's neighborhoods. As mandated by the Boston Zoning Code (as amended), developers of certain large-scale commercial real estate projects requiring zoning relief in the City of Boston, known as Development Impact Projects (DIP), must make linkage contributions in the form of payments to the Fund (Housing Contribution Grants) over a specified period of time.

Article 26A of the Boston Zoning Code (as amended), which became effective February 27, 1986, is the housing linkage program. Under this program, the housing contribution for downtown commercial buildings is \$5 per square foot for each square foot of floor area over 100,000 square feet, payable over seven years, beginning with the issuance of a building permit.

The housing contribution for commercial buildings outside of the downtown area is at the same rate as above except that contributions are payable over twelve years, beginning with the certificate of occupancy.

Ten percent (10%) of the housing contributions made for downtown projects and twenty percent (20%) for neighborhood projects are targeted to the impacted neighborhood.

A developer may choose the "housing creation option", whereby the contribution is made up front, based on the net present value of the housing contribution which would have been made under the housing payment option. These contributions are earmarked for specific low and moderate income housing developments. Other restrictions and requirements cover the operations of the Fund and investment policies, which are under the direction of the Board of Trustees. Qualified expenditures from the Fund may be in the form of gifts, grants, secured loans or other means as determined by the Board of Trustees.

Financial Statement Presentation - The accounting policies of the Fund conform with accounting principles generally accepted in the United States of America ("GAAP") applicable to private-purpose trust funds of a government entity.

Basis of Accounting - The Fund utilizes the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period, while expenditures are recognized when the related fund liability is incurred.

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pending Deposits – Additions are received and held until the first day of the month following a deposit, pending valuation.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

2. INVESTMENTS

The City of Boston has combined its trust funds in pooled investment accounts. The pooled funds are held in custody accounts with a financial institution.

The investments in Pool 7 are carried at their fair market value. The calculation of realized gains is independent of the calculation of the net increase (decrease) in the fair value of investments. Net realized gains on sales of investment are determined on the basis of average cost. The net increase in the fair value of investments for the year ended June 30, 2003 was \$1,969. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at year-end was \$7,214.

The Neighborhood Housing Trust Fund categorizes investments according to the level of risk assumed by the Fund. Category 1 includes investments that are insured or registered, or securities held by the Fund or its agent in the Fund's name. Category 2 includes those investments which are uninsured and unregistered and held by the counterparty's trust department or agent in the name of the Fund. Category 3 includes investments that are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in the name of the Fund.

Investments as of June 30, 2003 are as follows:

| | <u>Original Cost</u> | <u>Market Value</u> |
|----------------------------|--------------------------|----------------------------------|
| City of Boston Pool Fund 7 | <u>\$ 19,351,416</u> | <u>\$ 19,344,202</u> |
| | <u>Category</u> | |
| | <u>1</u> | <u>2</u> <u>3</u> |
| City of Boston Pool Fund 7 | <u>\$ -</u> | <u>\$ -</u> <u>\$ 19,344,202</u> |

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Notes to Financial Statements (continued)

3. ACCOUNTS RECEIVABLE

Accounts receivable represent annual housing contribution payments due from developers. Management determines if any amounts are unlikely to be collected within one year and recognizes a bad debt expense for that amount.

4. LOANS RECEIVABLE

The Neighborhood Housing Trust Fund has made loans of varying amounts to projects for the creation, development or rehabilitation of affordable housing to low and moderate income households in the City of Boston commencing in 1989. This was done from proceeds of DIP projects in accordance with the Housing Creation Agreements. The terms of the loans vary but they are all long-term and secured by the properties financed to assure compliance with the restrictions in the agreement. Some of the notes have direct forgiveness terms and others have forgiveness terms at maturity. There is little or no expectation of collection thus they are not included on the financial statements.

5. PROJECT EXPENDITURES

Project expenditures represent amounts distributed to individuals and private or public, profit or not-for-profit development entities to assist them in the creation and preservation of affordable housing for low and moderate income residents of Boston's neighborhoods.

The Trustees of the Neighborhood Housing Trust have given conditional approval to commit \$14,180,644 in the future for affordable housing projects.

6. RELATED PARTY TRANSACTIONS

The City of Boston is the administrator of the Neighborhood Housing Trust Fund. As a result, the City charges the Fund certain personnel and general administrative costs. The administrative fees charged to the Fund by the City for the year ended June 30, 2003 was \$35,477. In addition, the City is reimbursed by the Fund for certain costs. At June 30, 2003, the amount due to the City under this arrangement was \$21,329.

7. CONTINGENCIES

In the normal course of operations, the Fund may be subject to certain claims and litigations. In the opinion of management and in-house legal counsel, the outcome of any such matters will not have a material effect on the financial position of the Fund.

**NEIGHBORHOOD HOUSING TRUST FUND
CITY OF BOSTON, MASSACHUSETTS**

Notes to Financial Statements (continued)

8. ESCROW DEPOSITS WITH BRA

The Boston Redevelopment Authority (BRA), a component unit of the City of Boston, received certain DIP proceeds from housing creation options exercised by developers which the BRA was holding in escrow on behalf of the Fund.

During January 2003, the Fund and the BRA reached an agreement in which all funds held by the BRA in escrow accounts designated for the Fund were transferred to the Fund for designated projects.

9. PRIOR PERIOD ADJUSTMENT

During January 2003, the transfer of funds from the BRA excluded dollars previously reported by the Fund as linkage awards for designated areas of the City. The inclusion of these funds in prior years resulted in revenue being overstated. Correction of this error resulted in a decrease of previously reported net assets of \$1,744,455.

**REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Neighborhood Housing Trust Fund
City of Boston, Massachusetts

We have audited the financial statements of the Neighborhood Housing Trust Fund, a component unit of the City of Boston, as of and for the year ended June 30, 2003 and have issued our report thereon dated August 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Neighborhood Housing Trust Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Neighborhood Housing Trust Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

Board of Trustees
Neighborhood Housing Trust Fund
City of Boston, Massachusetts

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Neighborhood Housing Trust Fund in a separate letter dated August 28, 2003.

This report is intended solely for the information and use of the Board of Trustees and the management of the City of Boston, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "P.L. Jones & Associates, P.C.".

P.L. Jones & Associates, P.C.

August 28, 2003